



**Address**

**by**

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and  
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**at**

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**“Alleviating Global Poverty –  
The Role of the United Nations”**

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Distinguished Guests,

Ladies and Gentlemen,

The focus of this address is global poverty and what the United Nations and the international community of States are doing to alleviate it, or more ambitiously, to eradicate it.

I would like to first touch upon what we mean by poverty, then briefly outline the framework that the United Nations have set up to fight poverty on a global scale. I will then address the case of the poorest and most vulnerable countries of the world and highlight the contribution to the eradication of poverty by one very concrete strategy, namely microcredit.

Ladies and Gentlemen,

Poverty as such confronts us with a **multitude of complex issues**. Despite the continuous growth of the global economy and the outstanding levels of scientific and technological progress reached by humankind, large segments of today's world population are still plagued by endemic poverty, widespread hunger and recurring famine and witness increasing environmental degradation and demographic challenges, while lacking access to education, information, clean water and other indispensable community and health services.

**Poverty eradication continues to be THE challenge of our time.** Poverty has many different faces and affects particularly women and children in most dramatic ways.

Poverty constitutes a barrier to human progress. It is a shame that more than a billion people are languishing in extreme poverty when we have reached the heights of material progress. But can we call that progress when such misery and deprivation pervade our world?

The definition of poverty has indeed evolved over time.

The invaluable work of Nobel Prize winning economist Amartya **Sen** has contributed to a crucial paradigm shift by focussing international attention from mere income deprivation to a different, multidimensional concept of poverty and development: from measuring development in terms of GDP per capita and poverty in terms of mere income deprivation, to a characterization of human development in terms of expansion of valuable human capabilities, with a great emphasis on individual freedoms and rights.

Professor Sen sees "development as freedom". Hunger and poverty deprive human beings of their dignity and self-esteem, leaving them hopeless and incapable of achieving the kind of life they value and desire. Against this view, "freedom from hunger" is not a rhetorical cry. Poor economic opportunities as well as systematic social exclusion and deprivation, all constitute major sources of, what he calls, "unfreedom".

**Poverty is also vulnerability and lack of voice, power and representation**

Widespread unemployment, marginalization and abuse based on ethnicity, gender or religion, social turbulence, repression, violence and terror are all closely linked to poverty and the concurrent lack of basic freedoms.

To fight poverty in this all embracing perspective is to ensure **HUMAN SECURITY**. In our ever more interdependent world, this means: to protect the vital freedoms of people from critical and pervasive threats deriving from deprivation, economic downturns, and diseases, and to empower them to cope with such dangers. These are the functions of any well-governed state.

I would like to assert here very strongly that the eradication of **poverty is central to global stability and peace**. In today's world, people fear deadly attacks by terrorists; others suffer from genocide or massive violations of human rights; millions are dying from HIV/AIDS or are caught in a "poverty trap", often aggravated by severe conflict or post-conflict situations.

These are huge, persistent problems, which require, as never before, the international community to stand united in a collective response. And our global organization has got the expertise and provides exactly for the forum the international community needs to take that collective response.

Ladies and gentlemen,

As you are aware, in 2000 the world leaders gathered in New York for the Millennium Summit and adopted a Declaration embodying a common vision of human, economic and social development. That declaration set out a number of interconnected goals to create a global environment conducive to development. I am referring to the widely known **Millennium Development Goals** (MDGs).

The objective of the MDGs is to serve as a framework and to guide national and international policy-making toward the achievement of significant, measurable improvements in poor people's lives. The time-bound development Goals grew out of the agreements and resolutions of various development conferences organized by the United Nations in the 1990s.

The broad consensus underlying the MDGs has generated unprecedented, coordinated action, not only within the United Nations system, including the World Bank and the International Monetary Fund, but also within the wider community of the development partners and, most importantly, within developing countries themselves. The MDGs are now increasingly being integrated into national and international development strategies, policies and actions and this heightened focus and coordination is crucial if we are to produce improved development results.

**The MDGs aim to cut poverty, by 2015, in its many dimensions: low income, hunger, lack of education, gender inequality, disease, environmental degradation, insecurity of shelter, and lack of access to safe water and sanitation.**

Progress to date towards the achievement of the MDGs presents a mixed picture. Economic development is proceeding rather rapidly in much of the developing world, most notably in China, India and other parts of Asia. Primary school enrolment ratios have substantially increased in all regions; with girls' enrolments growing faster than boys'. There is generally still a lot to do on gender equality and maternal health, while progress in reducing child mortality is on track in most regions. Progress has also been registered in the area of access to drinking water and sanitation. Urban access to improved drinking water is almost universal, except in sub-Saharan Africa and Oceania. Virtually all the developing world is vulnerable to pandemic diseases, especially HIV/AIDS. Malaria and tuberculosis still affect mostly sub-Saharan Africa. This is the region which has not so far been able to benefit from the ever-expanding globalization and, instead, continues to suffer from brain drain, conflicts, adverse climate trends, lack of financial resources, and unrelieved debt burdens.

The core of global deprivation is found in the conditions of abysmal poverty that characterize the **fifty countries classified by the United Nations as "least developed"**. Thirty-four of these are in the African continent. Most others are in the Asia-Pacific region. As a matter of fact, East and South Asia and sub-Saharan Africa are home to 93 percent of the world's extreme poor.

When the UN General Assembly established the category of the Least Developed Countries (LDCs) in 1971, there were 25 such countries. Today the number of LDCs has doubled. These countries are the poorest amongst the poor, the weakest segment of the international community. They are too often torn apart by devastating conflicts, civil strife or exposed to natural disasters.

Another dimension of their continuing poverty is that in the last ten years, while globally the average annual rate of **population growth** has decreased, the LDCs' growth rate has remained high at 2.4 per cent. The combined population of LDCs is expected to nearly triple between 2000 and 2050, rising from 658 million to 1.8 billion. Despite the ravages of HIV/AIDS and other diseases, Africa is still the fastest growing region and will add approximately a billion people to its population by mid century. **Poverty is thus going to remain a continuing problem.**

The LDCs are least able to provide for growing population, which in turn threatens sustainable development and results in further deterioration in standards of living and quality of life. The environmental implications of growing population remain far-reaching for the LDCs primarily dependent on agriculture, and particularly where water is already scarce and land degradation and deforestation are most severe. The combination of extreme poverty, **population pressures and environmental degradation** is a powerful destabilizing factor driving both rural exodus and international **migration** that is expected to increase in both volume and impact.

At next year's stock-taking summit at the United Nations to review progress made towards the **Millennium Development Goals**, a **major breakthrough** will be needed if those goals, particularly that of reducing by half the extreme poverty in their countries, are to be achieved by the Least Developed Countries. The global partnership that is part

of these goals needs a clear manifestation through concrete, bold action in favour of these countries.

**It is clear that both individual countries and the international organizations, to which they belong, must do better.** Despite the rapid and large increase in flows of trade, finance, and technology across the global economy, the three key elements of the globalization process, most poor countries have very limited access to the finance necessary for economic and social development. Foreign direct investment is highly concentrated on a narrow range of countries and official aid flows have been stagnant or declining in real terms.

For the LDCs to succeed and benefit from a fair share of the gains of globalization, **all this has to change. Rich countries must live up to the promises they have made on aid, debt relief and fair trade.**

Three years ago, in **Brussels**, at the Third United Nations Conference on the Least Developed Countries, the international community came together to adopt a comprehensive programme of action for the LDCs. A commitment was made to provide 0.2 percent of the donor countries GNP as ODA to LDCs. We're very far from this target. Current ODA levels to LDCs reach only 0.06 percent of donors' GNP, amounting to 15 billion US dollars. To achieve the Brussels target, an overall increase of roughly 35 billion US dollars would be needed. And we all know this is an achievable amount.

Speaking of debt, huge debt service payments by the LDCs result in the regular diversion of a large part of scarce budgetary resources from crucial poverty reduction, food security, education and health programmes. I would like to reiterate here my call for **total cancellation of the debt** of the LDCs. We see some flicker of hope when we hear of recent initiatives on debt cancellation by major players, but these initiatives need to quickly make the **leap from paper promise to concrete action**. Only such actions could ensure significant advances on both the poverty and partnership goals.

**Reaching the ODA target and cancellation of debt for the fifty poorest countries can truly bring some credibility to next year's summit.** This is not charity. National efforts by the LDCs need to receive adequate, reliable and continuing support through international cooperation. We can ensure a better future for our global village when it becomes the responsibility of all. **As long as billions of people have little hope of a better life, our world has no hope of being stable and secure.**

Ladies and gentleman,

I would like now to bring to your attention a simple strategy that has become one of development's great success stories: namely **the power of even a very small loan to those for whom fate and circumstance have resulted in great disadvantage.**

It is globally agreed that poverty is partially determined by the ability of households to access capital and other essential financial services that allow them to generate greater returns and weather cash flow fluctuations. Whether to start an enterprise, save for a child's schooling, insure against natural disasters, or cover health

care costs, access to **microcredit** and other financial services can significantly improve the lives of people living in poverty.

By directly empowering people, particularly women, microcredit is a wise investment in human capital and has become one of the key grass-root level strategies for the achievement of the overarching development target of halving extreme poverty and hunger by 2015. A growing body of empirical evidence supports this view and shows how significantly microcredit programmes provide to poverty reduction in various parts of the world.

Having originated in 1976 from Bangladesh, through its legendary Grameen Bank, it is estimated that over 67 million poor and low income people had access to microfinance worldwide in 2003. The last count indicated that as many as 70 countries – developing, economies in transition and developed – have active microcredit/microfinance programmes.

Experience of the Least Developed Countries show that microcredit and microfinance are effective tools of poverty eradication and empowerment of people, particularly women. In Bangladesh, the Grameen Bank, the largest provider of microcredit in the world, has a network of nearly 1300 branch offices in more than 46,000 villages that serve 3.8 million clients, 96 per cent of whom are women. It has disbursed so far loans worth US\$ 4.5 billion. Microcredit has been incorporated into the national development strategy of Bangladesh and has become its most powerful engine in pursuit of the MDGs on poverty eradication.

The experience of Bangladesh is not unique. From Benin in Africa to Bolivia in Latin America; from Nepal in South Asia, to Samoa in the Pacific, to Bosnia and Herzegovina in Europe, poor people can tell many success stories about microcredit that brought dramatic change to their lives and opened up the doors to a meaningful future. As a matter of fact, Benin, which leads the LDC Group in the United Nations, has the largest number of microfinance institutions in the West Africa Monetary Union region with more than 1,100 outlets and 700,000 clients.

Microcredit is an inducer, a catalyst for economic activity of the poor people. Another of its far-reaching impacts is the empowerment of people, particularly women. Women constitute the main dynamo behind microcredit programmes. From a social development point of view, microcredit triggers women's in-built entrepreneurial capacity. It increases self-confidence, reduces domestic violence, and advances the status of women in the community.

At the United Nations level, just last Thursday, the 18<sup>th</sup> of November, the international community officially designated 2005 as the International Year of Microcredit. This will be a unique opportunity for improving awareness world-wide, sharing knowledge, as well as best practices and lessons learned in microcredit and microfinance.

From a personal point, I feel particularly enthusiastic about the International Year of Microcredit 2005 as I had the pleasure of proposing the initiative in 1998 in a different incarnation.

Let me conclude here by stressing that microcredit poses enormous potential for the human security in the LDCs. For the poorest and most vulnerable countries in the world microcredit is more than just a development tool. It is a vital means of income generation, social inclusion and empowerment. In short, it is an important strategy of our continuing and wide-ranging struggle against poverty in the LDCs and its teeming millions.

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